

INFORMATION REPORT
CONFIDENTIAL

COUNTRY Germany (Russian Zone)

DATE DISTR. 25 March 1948

SUBJECT Reorganization of Economic
Administrations; Personnel Changes

NO. OF PAGES 2

PLACE ACQUIRED

NO. OF ENCLS.
(LISTED BELOW)

DATE

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SUPPLEMENT TO
REPORT NO. 25X1

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THIS IS UNEVALUATED INFORMATION FOR THE RESEARCH
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1. Dr. Skrzypczynski, though no longer enjoying the confidence of the Russians, still refuses to join the SED. He maintains contact with a number of outsiders, and a series of secret ZVI orders have become public knowledge. As a result, the Russians have transferred a number of his functions to Vice-President Dr. Richard Mischler. In addition, the Karlshorst Industrial Council has instituted a basic separation of reparations orders into two classes: economic and military. Contracts for armaments production will now be negotiated exclusively by the SMA. Heretofore the Central Administration of Industry has arranged for delivery of parts and for small scale production. Reparations orders in the economic category are to be handled by a section called "Reparations for Industrial Reconstruction" directly under Mischler. SMA supervision over all reparations orders is to be maintained by Prof. Romberg, SMA liaison officer in the Central Administration of Industry.

2. Rumors that Skrzypczynski is on the way out have been current for months. In recent weeks Heinrich Rau, Minister of Economic Planning in Brandenburg, has been mentioned as a successor to him or to Jakob Boulanger, former vice-president.

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however, Rau is to become chairman of the Russian Zone Economic Commission. Bruno Leuschner, present acting head, would become Rau's deputy, but real control behind the scenes would be in the hands of Walter Ulbricht.

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25X1 3. Rau is leaving his post in Brandenburg and is being succeeded by Otto Falkenberg, who has been in charge of state-owned enterprises in Saxony. This change may well be a result of personal rivalry between Rau and Minister of the Interior Bernhard Bechler.

Bechler has used his influence with SMA to gain complete control of the Brandenburg administration in personnel matters. Bechler managed to have the Department for Agrarian Reform transferred from Rau's ministry to his own. Inasmuch as his ministry also includes the police, Bechler's position is practically unchallenged.

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Document No. 102

NO CHANGE in Class.

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Class CHANGED TO: TS S C

DDA Memo, 4 Apr 77

Auth: DDA REG

Date: 12 May 77

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Next Review Date: 2008

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the choice for permanent head of the Economic Commission is still open between Gau and Fritz Selbmann of Saxony. The Section for Economic Affairs which is the executive organ of the Commission, is to be expanded from 120 to 300 persons. Serious difficulties are being encountered in the search for SED members who possess the necessary technical ability. The Section for Economic Affairs is to prepare all production and distribution plans and to distribute all available raw materials. If this section proves itself, the SMA is to be reduced. The Central Administration of Industry is to be split into four groups: metallurgy, heavy industry, light industry, basic industry.

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